

reform to make our system fairer, simpler, and more progrowth. I know that has been a passion of Senator WYDEN's for some time. That is what we could use those 2 years to work on.

So I am once again going to ask my colleagues on both sides of the aisle—there are some on this side who want to make all the relief from the 2001, 2003 laws permanent; there are some on the other side of the aisle who want to increase taxes for the top two rates and just extend the tax relief for those making up to \$250,000—let's instead extend the tax relief for everyone right now for 2 more years, remove the uncertainty, encourage businesses to create new jobs, stop penalizing small businesses, do not put a damper on consumer spending at the worst possible time, and then let's use those 2 years productively to rewrite the Tax Code, to make it simpler, fairer, and more progrowth.

I think that is a reasonable plan. Let's abandon any approach of raising taxes at this critical time.

I yield the floor.

The PRESIDING OFFICER. The Senator from Oregon.

#### TAX REFORM

Mr. WYDEN. Madam President, before she leaves the floor, let me say to the Senator from Maine that I very much appreciate her thoughtful views. She continually talks about the desire to get folks to come together. I think there are a variety of ways to do it. That is essentially what I was going to outline this afternoon. I just want to assure my good friend from Maine that I am very much looking forward to working with her on this issue and thank her again for her kind remarks.

Madam President and colleagues, I think we have a choice.

We can continue to have this debate at the margins about how to extend a thoroughly discredited, insanely complicated, job-killing system that we have today or we can find a way, as Democrats and President Reagan did back in the 1980s, to come together and put in place a reform system that will create, in my view, millions of good-paying, new jobs, the way Democrats and Republicans in the 1980s came together and created more than 16 million new jobs.

To pick up on this discussion, I think there is a message for Democrats and Republicans together on this issue.

This question of extending the 2001 and 2003 tax legislation has almost become a tax version of "The Emperor Has No Clothes." We all know this story and have read it to our kids. It's about two swindlers spinning a tall tail about magical, invisible cloth. The emperor and his ministers and all of his subjects get so caught up in the story of the magical and invisible cloth that it takes a child to point out what everybody should have seen was obvious: The emperor has no clothes.

The fact is, when we look at extending the 2001–2003 tax laws, what we will

see at the end of the day is from the standpoint of creating good-paying jobs and the opportunity to grow the economy, the emperor really doesn't have any clothes. The numbers don't add up.

When tax policy was partisan between 2001 and 2008, there was only 2.3 percent payroll expansion, 3 million new jobs, and real median income fell by 5 percent. Yet that is what we are hearing on the floor of the Senate ought to be extended.

I say to my good friend from Pennsylvania, his State, as has mine, has been pounded by this economy. How can we explain to our constituents that we are extending a policy that based on the facts, not on political rhetoric, produced such anemic payroll expansion, such a modest number of new jobs, and a loss of real median income. I don't think we can explain it to folks in Pennsylvania and Oregon.

What I do think we can explain that gets us away from this "Emperor Has No Clothes" situation is what happened in the 1980s when a big group of Democrats and Republicans came together and changed the discussion about taxes. Instead of Democrats and Republicans beating up on each other, it became the people against the special interests and, in effect, leading Democrats such as Dick Gephardt and Dan Rostenkowski and others joined with the President to point out the inequities. And we had Democrats then talking about the desire to make sure companies—companies that hire people at good wages—would be in a position to benefit because they would be paying rates that would be competitive in tough global markets.

There are opportunities—because I have been talking to folks in labor and folks in business—to do this. Why don't we take away the tax breaks for shipping jobs overseas and use that money to lower rates for folks who manufacture in the United States, who create good-paying jobs in hard-hit parts of Pennsylvania and Oregon. I would like to see our companies have a new incentive for green manufacturing which many of the companies in Oregon want to do. To do it, why not take away some of those tax breaks you get from what is called tax deferral and foreign tax credits and use that money to create more employment at home? We are not going to be able to do that if we just reup for this discredited, broken, insanely complicated tax system.

Now, I have said to colleagues—and Senator CASEY and a number of us have talked about it—that if it takes some very short-term extension of current law in order to make sure we don't hurt middle-class people and we don't hamper economic growth, I would be willing to look at it. I would be willing to look at that if we use the opportunity to then aggressively pursue bipartisan tax reform; tax reform, for example, that would do something about a Tax Code that nobody likes.

This isn't like the health care issue. I think the Presiding Officer and my

friend from Pennsylvania understand that part of what happened in the health care issue is a lot of folks said: I want to fix health care, I want to contain costs, but I sort of like the health care I have. There isn't anybody on the planet I can find who makes an argument that they like the current Tax Code.

We spend 7.6 billion hours a year to comply with tax law. It costs us almost \$200 billion to comply with our tax laws annually. That is the equivalent of 3.8 million people working full-time just to comply with the Tax Code. At one point in the tax reform discussions, after I got on the Finance Committee, I brought just a portion of the books that contain the provisions of the Tax Code. And there are thousands of pages. In fact, we add thousands of pages every few years. I am 6 feet 4 inches and just a portion of the books are taller than me. The complexity of the code increases exponentially, as Nina Olson, who is the Taxpayer Advocate at the Internal Revenue Service, has pointed out.

So I offer this up—and I know my colleague is waiting to speak—only to say if we are asking the country to choose—and that is why I use this "Emperor Has No Clothes" analogy—between something we know hasn't worked—I would note, for example, that the Wall Street Journal, not exactly hostile to conservatives, pointed out that George W. Bush had "the worst track record on record for job creation."

How do you make the case to the American people, whether you are in Pennsylvania or Oregon or anywhere else, that you want to anchor them to the same discredited tax system that has failed to create jobs for the entire period in which it was in effect?

So I hope as we get into this debate we look at the fact that perhaps we are having the wrong conversation. Perhaps we are having the wrong conversation in just debating extending the 2001–2003 tax provisions—maybe we will extend them for some people and we will not extend them for other people. What we ought to be saying is, look at history. Look at what happened in the 1980s when Democrats and Republicans came together. In fact, back then there was almost a mirror image of what we have now.

Back in the 1980s we had a Republican President and a Republican Senate, and Democrats in the House. So we have today almost a mirror image of that, and we know when they got together in the 1980s that it created millions of new jobs, millions of good-paying jobs. I think we can do that again.

I want to spend 2011 working with my colleagues—the Senator from Pennsylvania, the Senator from New Hampshire, and Senator COLLINS, who gave a very eloquent statement on the advantages of real tax reform—I want to spend the next year working with colleagues on something that shows vastly more promise for creating more